

VZCZCXRO9036
OO RUEHCN RUEHGH RUEHVC
DE RUEHBJ #2693/01 2611208
ZNY CCCCC ZZH
O 181208Z SEP 09
FM AMEMBASSY BEIJING
TO RUEHC/SECSTATE WASHDC IMMEDIATE 6148
INFO RUEHOO/CHINA POSTS COLLECTIVE
RUEKJCS/SECDEF WASHINGTON DC
RUEKJCS/JOINT STAFF WASHINGTON DC
RHMFISS/CDR USPACOM HONOLULU HI
RUEAIIA/CIA WASHINGTON DC
RHEHNSC/NSC WASHDC

C O N F I D E N T I A L SECTION 01 OF 02 BEIJING 002693

SIPDIS

DEPARTMENT FOR D, EAP, EAP/CM

E.O. 12958: DECL: 09/15/2029

TAGS: [PREL](#) [PGOV](#) [ECON](#) [PARM](#) [MARR](#) [CH](#) [KN](#) [AF](#) [PK](#) [TW](#)

SUBJECT: SCENESETTER FOR THE DEPUTY SECRETARY'S VISIT TO
CHINA, SEPTEMBER 28-29

Classified By: Ambassador Jon M. Huntsman, Jr.
Reasons 1.4 (b/d).

¶1. (C) Mister Deputy Secretary, your trip to Beijing comes as a simultaneously prosperous and stable yet anxious and brittle China prepares for its 60th birthday October 1. Thirty years of double-digit economic growth have brought a measure of stability and prosperity to many, yet numerous political, economic and social woes challenge a system of governance lacking the dynamic stability enjoyed by mature democracies and rife with systemic corruption. Although the September 15-18 CCP Plenum was purportedly to address political reform and corruption, observers predict no significant outcomes in either area.

U.S.-China Relations

¶2. (C) Externally, the Chinese leadership is sharply focused on U.S.-China relations. The Chinese recognize our growing interdependence (though they prefer to refer to "common interests") and have demonstrated a desire to use the President's November visit to, in the words of Foreign Minister Yang Jiechi, "demonstrate shared views on common interests and develop "positive policy guidelines" on how to improve strategic mutual trust and cooperation on key issues." China's collective leadership remains convinced that a strong relationship with the United States is a prerequisite for China's continued economic development. Our bilateral differences remain significant, but the Chinese see the benefit of resolving, or at least managing, our disagreements quietly and not letting them hijack the overall relationship. Recent developments such as the U.S. delegation meeting with the Dalai Lama in Dharamsala and the Section 421 tire remedies decision would, in the past, have been sufficient provocation for the Chinese to chill relations. The restrained response from Beijing is clear evidence that they are committed to keeping relations on an even keel.

¶3. (C) Since your June 5 visit to Beijing, we have worked to implement the President's vision of creating a positive, cooperative and comprehensive relationship with China. The July 27-28 Strategic and Economic Dialogue (S&ED) kick-started a mechanism to oversee bilateral relations and permitted the Secretary to reinforce the continued benefit to China of U.S. global leadership. She reassured the Chinese that the United States welcomed China's rise within the international system, while at the same time stressing that China must shoulder global responsibilities commensurate with its growing political and economic clout. Presidents Hu and Obama will sit next to each other at the Pittsburgh Summit, which will be another opportunity for the United States and

China to pursue global, strategic economic objectives together. Your counterparts will be eager to hear your views on the major substantive themes and content of President Obama's visit.

14. (C) Successful visits by Special Envoy Stern, Energy Secretary Chu and Commerce Secretary Locke have kept us focused on climate change and the importance of demonstrating forward progress at Copenhagen. Special Envoys Holbrooke and Bosworth have engaged their counterparts to discuss solutions to problems in Afghanistan, Pakistan and the DPRK, and are working to identify ways to move our common interests forward. Chinese cooperation with us on Af/Pak remains restrained by persistent PRC suspicions regarding U.S. aims in the region. Our cooperation on Iran leaves much to be desired, but will be crucial in coming months, which suggests that an early visit by Special Envoy Dennis Ross would be useful and important. The Chinese have said they would welcome such a visit. Our cooperation on Burma has been minimal (though not without its positive moments), but recent refugee flows into China illustrate our long-argued point that the Burmese regime, no matter how obstinate, is a cause of instability in the region.

15. (C) Defense Consultative Talks led by USD/P Flournoy and the Military Maritime Consultative Talks have helped us to communicate to the PLA that we want improved military relations. The Chinese seem willing to address our disagreements in this field, including over our military surveys in China's EEZ, behind closed doors, which is a major improvement since the March 8 confrontation at sea involving

BEIJING 00002693 002 OF 002

the USNS Impeccable. The Chinese would welcome hearing your ideas on how to improve our military-to-military relationship.

16. (C) By your arrival, the Chinese will likely have shown at the Pittsburgh Summit their desire to play a cautious but increasingly confident international economic role commensurate with their growing economic stature. Also by that time, Premier Wen will reportedly be only a week away from traveling to Pyongyang, mostly to mark 60 years of PRC-DPRK ties, but also to prod the North Koreans to return to the Six-Party Talks and to the goal of Korean Peninsula denuclearization.

Cross-Strait Relations

17. (C) Since the May 2008 inauguration of a Taiwan leadership interested in improving relations with the PRC, the cross-Strait situation has transformed into a relatively stable relationship focused on achieving concrete, mostly economic, agreements. Once fraught with tension -- and with potentially very serious repercussions for the United States -- eased cross-Strait ties have allowed us to step back from a day-to-day focus on the situation (while we at the same time remain prepared for contingencies). Beijing's limited reaction to the Dalai Lama's recent visit to southern Taiwan showed an understanding of the Taiwan politics involved and a desire to avoid jettisoning the positive track of cross-Strait relations. The Chinese, as always, are watching carefully for signs of new U.S. arms sales to the island.

Inside the PRC

18. (C) You will notice in Beijing an enhanced security presence to ensure a trouble-free celebration of the 60th anniversary of the founding of the PRC, to include a massive military parade showing off China's most modern weapons. The heightened security stance reflects the unease of a leadership beset with internal, mostly localized, challenges -- not external threats -- to the ruling authorities. Recent unrest and continuing tensions in Xinjiang, in both Han and Uighur communities, challenge the Party's ability to maintain

stability in that far-western province and have provoked rare popular calls for the regional Party Secretary (and CCP Politburo member) to step down. Tibet remains tense 18 months after deadly riots, which partly explains the Chinese pique over any foreign leaders' interaction with the Dalai Lama. In the intensified security environment of the lead-up to the October 1 anniversary, rights lawyers, activists, dissidents and others who challenge the government and Party have suffered. Just to remind that the challenges to governance come in many forms, you may see thermal scanners at your hotel as the Chinese remain on high alert for an H1N1 flu pandemic. In face of these and other perceived challenges, the leadership works hard to maintain top-level consensus and is searching for ways to address increasing public demands for good governance. Still, Tibet, Xinjiang and Beijing's harsh treatment of peaceful dissenters are reminders that, six decades into CCP rule, the PRC leadership has to continue to seek a way forward that will avoid the fate of the Soviet Union.

19. (U) Mr. Deputy Secretary, all of us at Embassy Beijing look forward to your arrival and to contributing to the success of your visit to China.
HUNTSMAN